

Office Memorandum • UNITED STATES GOVERNMENT

TO : Assistant Director, O/RR
Thru : Chief, D/S, O/RR *Tr-3*
FROM : Chief, B/Tr, D/S, O/RR

DATE: 10 February 1951

SUBJECT: Soviet Orbit Merchant Shipping

1. Reference is made to your remarks at the D/S staff meeting on 6 February concerning analysis of the patterns of certain Soviet Orbit economic activities as possible indicators of Soviet intentions. The example of such an indicator which you cited at that time was Soviet merchant shipping. It is believed, therefore, that you will be interested in the following conclusions which have been drawn by this unit after several years' surveillance of Soviet Orbit merchant shipping, particularly that of the USSR. (A considerable number of analyses of particular Orbit shipping situations were published in the Transportation Division (O/RE) Weekly Summary, which has now been discontinued. Several issues of this publication have been appended, in which complete articles on Orbit shipping are marked for your attention.)

A. Build-up of the Soviet Fleet

The USSR is not making determined efforts to expand rapidly its ocean-going merchant fleet through either domestic construction or foreign acquisitions, despite the fact that over half of the relatively small Soviet fleet is now at least 20 years old and about 25 percent consists of US Lend-Lease tonnage to which the USSR does not have clear title. The output of the Soviet Union's own shipyards continues to be devoted largely to naval craft and naval auxiliaries. At the present rate of acquisitions from domestic and foreign sources, it is unlikely that the condition or capabilities of the Soviet merchant fleet can be substantially improved in the near future, whether over-age vessels are retained in service or replaced by newer tonnage. The USSR is apparently preoccupied with the development of its coastal, fishing and inland fleets, and is concentrating its efforts primarily upon the acquisition of smaller ships suitable for these uses, although it has concluded contracts abroad for a number of larger ships which will be delivered in the next few years, and probably used on longer routes in international trade.

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The USSR's failure to expand its ocean fleet decisively indicates that the Soviet Union either foresees no appreciable increase in its overseas trade for some time to come or will permit much of that trade to be transported in foreign-flag vessels, as it has in the past. In strategic terms, it indicates that the Soviet Union either foresees no military requirements in the near future for large-scale transport across long stretches of open water or plans to gain control of the requisite shipping through defections and seizures of foreign tonnage in its own ports and while rapidly overrunning important Western maritime countries.

B. Shipping Operations in and out of Soviet-Controlled ports.

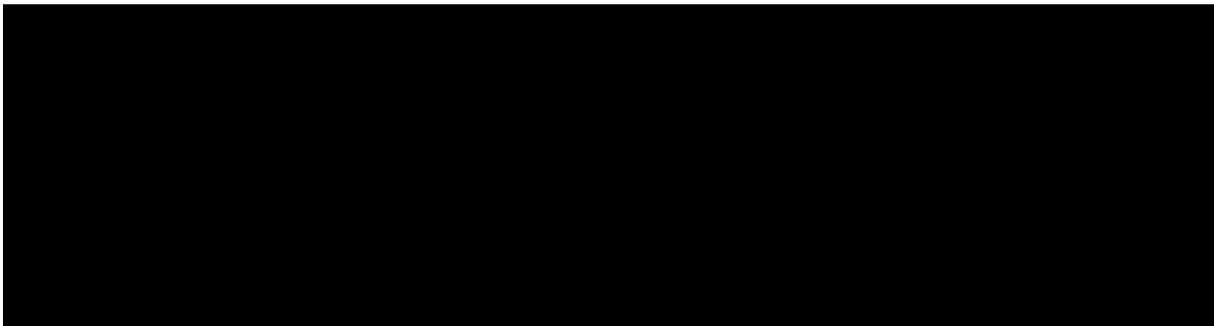
The number of vessels which the USSR and its Satellites are willing or able to allocate from their fleets to carry their ocean trade with the outside world is far smaller than 50 percent of the total number of vessels in the traffic, which is the minimum goal of most maritime powers. For its part, the USSR is somewhat offsetting its own maritime deficiencies by the extensive use of non-Communist shipping rather than Satellite vessels, which are permitted to engage primarily in the movement of their own trade. In general, the outline of ship movements from the non-Communist world into Orbit waters appears to conform to normal trade patterns. With a few exceptions, however, the Soviet Orbit nations have apparently reserved traffic between Communist ports to their own merchant vessels, especially between the Black Sea and the Communist Far East, although non-Communist shipping would probably have been available for these movements. The USSR's own vessels are active along the entire Eurasian periphery, but, at the time of the most recent survey, none was engaged in movements to or from the Western Hemisphere. It is noteworthy that the US Lend-Lease tonnage which the USSR holds is employed more extensively in overseas trade than other units of its fleet, indicating that it either does not anticipate or is willing to risk US repossession action.

There appears to be no major area of the Communist ocean periphery from which non-Communist shipping is excluded. In this connection, however, the USSR's continued concern over the status of its offshore waters is evidenced by increased interference with foreign fishing operations and assertive propaganda claims. This may

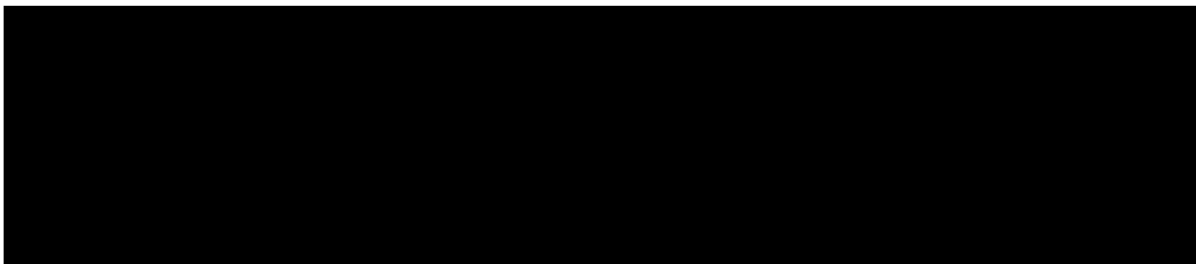
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foreshadow Soviet action to extend and tighten its jurisdiction and control over coastal areas. Such a policy would permit the USSR to restrict the entrance of foreign shipping into its coastal waters and strengthen its position in the forthcoming UN negotiations toward revision and codification of international law governing the high seas and territorial waters. The military and economic advantages to the USSR of an increasingly restrictive policy would be substantial, and would outweigh the disadvantages which might accrue from retaliatory action by other countries.

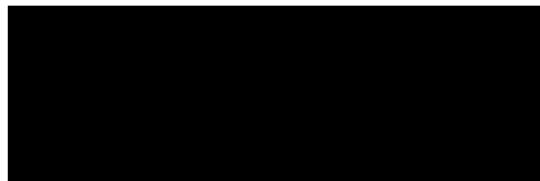
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4. It will probably prove desirable to recommend to the National Security Council that responsibility for intelligence on selected aspects of Soviet Orbit merchant shipping be allocated to CIA as a matter of common concern.



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